



Hawai'i Entrepreneur

Fourth Quarter 2003

SBA RECOGNIZES TOP LENDERS FOR FY 2003

As the fiscal year end on September 30 fast approaches, Hawai'i's banks are in a flurry of commercial lending to small businesses. Whether that increased activity is the result of a slightly more optimistic economic forecast or the annual competition for SBA's Top Lender of the Year remains to be seen. Nonetheless, SBA's District Office reports record levels of activity in August and September, with local banks racing for a photo finish.

"SBA really appreciates all the banks who stepped up to the plate and increased their lending to Hawai'i's small businesses," said Andrew Poepoe, District Director. "There's no doubt getting capital out to these firms is a big step toward business growth and job creation."

The SBA Lender Award winners recognize the highest levels of SBA loan production during the fiscal year by financial institution and by individual lending officers. Banks are recognized as top Lender of the Year in two separate size categories based on total volume of their small business loan portfolio. Category I includes those banks with total commercial loans of \$1 billion or more while Category II is comprised of those banks with a total commercial loan portfolio of less than \$1 billion.

In 2002, American Savings Bank swept the award for Category II while First Hawaiian Bank took the top position among the larger banks for the third time in a row. Check the loan report on page three for the latest statistics and stay tuned!

HDO's website to get New Look

The local website, sponsored by the Small Business Resource Center, is getting a new, fresh look that will help small business owners connect more quickly to information they need. The website will be more interactive and easier to navigate than the first edition. The site is expected to go live on October 1, 2003.

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Business is Booming at HWBC

The Hawaii Women's Business Center has lost no time in revving up their programs for their fifth year of service to women business owners and start ups in Hawaii. The fall schedule includes several popular workshops and an exciting Women's Roundtable discussion.

With the new contract year, HWBC is pleased to announce new additions to the Board of Directors and the election of new officers for the coming year. Officers include Laurie Cateriano of American Savings Bank, president; Yuka Nagashima of Lava Net, Vice President, Jo Hu, attorney, Secretary, and Susan Utsugi of Central Pacific Bank, treasurer. Jen Kunishima, owner of Hawaii Doggie Bakery and Gifts, has also joined the eleven member board. Continuing



**Beverly Cabrera, HWBC
Executive Director**

members of the Board of Directors are Chenoa Farnsworth, Ann Katekaru, Kathy Perkins, Melanie Wong, and Myra Hager.

On October 27, 2003, HWBC hosts another Women's Roundtable which will highlight two women entrepreneurs with a different approach in the same segment of the fashion industry. The roundtables are moderated by PBN's Gina Mangieri who keeps the interested and candid discussions about the women's experiences as business owners on target. The roundtable will be held at Central Pacific Bank's Bankers Club at 5:00 p.m. and advance registration is necessary for this event: they usually sell out!

In addition to the regular evening orientations, other training activities on the calendar for HWBC are listed below.

Micro Enterprise 101 provides a full day chock full of information and tips on getting your business off the ground using solid business management and planning skills. The October 24, 2003 workshop is offered by HWBC with support from HPAC and SBA. Branding Yourself: Standing Out from the Competition will be presented at the SBRC on November 8, 2003. Ann Marie Manzulli of the advertising firm MANIFESTO will share her expertise on the value of image development and branding as a small enterprise.

The workshops will be held at the Small Business Resource Center located at 1041 Nuuanu Avenue Suite A. Parking is available at Chinatown Gateway Garage at municipal rates. For more information, contact Olive at 808-522-8136.

SCORE Launches New Website

On December 12, 2002 the Hawaii SCORE Chapter launched its own website. The site has been an outstanding success averaging about 500 hits per day. The site serves as an "electronic brochure" for both counselors and clients. Potential new SCORE counselors can learn about the organization and clients can use the many features to assist their new or existing businesses. In some instances clients are provided direct online counseling assistance.

As an added feature there is also has a Members Only Section which can be accessed only by SCORE Members. There, information such as meeting dates and various counseling assistance programs is provided to counselors for internal use.

The site also attracts visitors from all across the country and from many foreign countries.

The HawaiiSCORE website is one of about 190 SCORE Chapter websites that is listed on the National SCORE website.

Businesses Can Expect Higher Health Costs



Hawaii's health insurers say high utilization of medical benefits continues to drive up costs, a trend that is expected to affect business and premium rates this year. A near double-digit rate increase is projected for Hawaii's Medical Service Association (HMSA) for

140 merit-rated large businesses, which renew their plans in January 2004. HMSA also plans rate hikes for individual plans and small businesses that renew during the same period. Hawaii Management Alliance Association (HMAA) recently raised rates an average 9 percent for more than 3,000 companies, and 30,000 members. Kaiser Permanente has also filed a rate hike request with the state seeking an across-the-board average increase of 14.5 percent. Meanwhile, University Health Alliance will also likely file another rate increase within the next few months for January 2004 (UHA was approved for a 10 percent rate hike in January 2003). Pacific Business News (8/15), Maui News (9/3)

Study Shows Businesses Upbeat About Economy

In a July survey of 400 businesses statewide, nearly 40 percent believe the economy will improve in the coming year. The survey, conducted by the Business Banking Council and sponsored by American Savings Bank, was the 12th in a series of economic reports sponsored by the council to provide Hawaii businesses useful data. Qmark Research and Polling surveyed 100 businesses statewide in each of four categories: very small businesses with 3-9 employees, small businesses with 10-49 employees, medium-sized businesses with 50-99 employees, and large businesses with 100 or more employees. Results indicated that optimism about the economy is more prevalent among larger firms and neighbor island businesses. A special construction industry focus found that nearly 76 percent of their business came from private contracts. Pacific Business News (8/6)

Maui County Creates Small Business

Advocate Position

Mayor Alan M. Arakawa announced yesterday the selection of Kalbert K. Young as Maui County Small Business Advocate within the Office of Economic Development (OED). Arakawa's Small Business Advocate initiative is part of the Administration's overall strategy to make it easier to do business in Maui County. Kalbert will work one on one with businesses to resolve concerns and problems. He will also service as a "voice" for the business community within the county, ensuring their concerns and issues are heard and understood. A Small Business Advocate Hotline (808) 270-7414 has also been established. Maui County Office of Economic Development. (9/4)

Kauai's Economic Outlook: Moderately Strong Growth Seen

Kauai's economy is back on a firm growth path. If still below 1999 peak levels, tourism has largely recovered from the mild slowdown that followed 9/11. Outside of tourism, strength in real estate, construction, and non-tourism services has maintained the County's forward momentum. With moderately strong growth, this year and next promise to be good ones for the local economy. UHERO Announcement. (8/21)

Hawaii's Expansion To Continue Despite Japanese Weakness

Hawaii's economic performance has been among the best in the nation, and the current expansion will continue. The pace of Japanese tourism recovery will remain anemic, but strong U.S. visitors and increases in length of stay will support moderate overall growth for the visitor industry. The job market's newfound strength is expected to continue, maintaining the unemployment rate in its current 4% range. Robust aggregate real income growth this year will likely cool slightly in 2004, as rising interest rates take some of the heat out of the real estate market. UHERO Announcement. (8/21)

Busy Americans Deserting Dessert At Dinner



Busy schedules have impacted the dessert industry with fewer Americans taking the time to indulge. One report indicates since 1990 the number of home meals that included a dessert fell six percentage points, while dessert sales at U.S. restaurants are down 2% over the past year. In response, some restaurants now sell cheaper desserts, while others offer only one option. USA Today. (9/5)

Free Training Materials To Learn About New \$20 Bills



The U.S. government will introduce a **new \$20 bill** this fall featuring yellow and blue background colors, and enhanced security features. New \$50 and \$100 bills will follow in 2004 and 2005, respectively. **Learn more about the new bill, and order training materials for your employees. National Restaurant Association SmartBrief (9/5)**

New Report Says One In Ten Americans Involved In Entrepreneurship

As the economy struggles, Americans can still rely on its economic ace-in-the-hole: a culture of entrepreneurship. The culture of entrepreneurship has taken hold more strongly in America than in any other developed country. Often people assume that new businesses sprout sporadically, accompanying larger trends such as the boom in desktop computers or the spread of the World Wide Web. But a new report from Babson College indicates that entrepreneurship is a perpetual condition for a surprisingly large share of the American population. More than one in 10 working Americans were creating or growing new businesses last year, according to *Global Entrepreneurship Monitor*, an annual study conducted by Babson and underwritten by the Kauffman Foundation. That was off only slightly from 2001 but still 50 percent higher than in 1998, at the height of Internet fever. Babson report. Boston Globe. (8/17)

GETTING OVER TURNOVER



Employee turnover is a fact of business. The factors affecting turnover cost include: efficiency of the incoming employee and associated coworkers; diminishing efficiency of the departing employee; productivity lost while the position is vacant; on-the-job costs including orientation and training; separation costs; employment processing costs; possible unemployment compensation costs; and out-of-pocket costs such as advertising and other recruiting expenses. Total turnover costs for a salaried workers range from 1.2 to two times annual salary, with the average at 1.5 times. For an hourly employee the average is about three-fourths of annual pay. How can you avoid unwanted turnover from happening? Here are some tips: good recruitment, with thorough pre-employment checking; a thorough employee orientation; treat good employees fairly and with respect by offering competitive pay and benefits, enhanced employee communication, a team setting and a superior quality of supervision. National Federal Of Independent Business E-News, (9/3)

NxLevel Entrepreneur Classes Expand Statewide

The Hawai'i Small Business Development Center Network (SBDC), Hawai'i's premier statewide small business technical assistance agency announced continued expansion of the nationally-acclaimed NxLevelTTM business planning Entrepreneur certificate course.

Following the successful completion of courses in West Hawai'i (Big Island) and Leeward Oahu, the SBDC launched courses in East Hawai'i (Big Island) and Kauai respectively. Courses are also slated to start in October on Maui, Windward Oahu and scheduling started for 2004. The statewide deployment of the NxLevelTTM comprehensive business plan course is a first for the SBDC that was awarded the exclusive program in late 2002.

A community-based endeavor, the SBDC partnered with University of Hawai'i campuses throughout the state to make NxLevelTTM available as a non-credit offered to businesses and organizations. The Entrepreneur program consists of twelve weekly three-hour courses held in the evenings. The certificate program recently graduated its' first 23 students who were a mix of startup and existing small business owners. Business owners may qualify for ETF and need at least two weeks prior to a course for application processing (for ETF).

For more information on upcoming courses in your area contact your nearest SBDC center or call the State Coordinator, Rian Lau at 808-974-7515 (email: rian_lau@hawaii-sbdc.org).

A community-based effort, the SBDC continues to seek sponsorship from interested banks, businesses and economic development organizations. Sponsorship inquiries should be directed to Rian Lau, Associate State Director.

Experienced Help Wanted

If you or someone you know is looking for part-time employment, the SBRC is seeking eligible persons to assist with reception, light clerical, and administrative functions at our front desk. These positions are funded by Honolulu Community Action Program, Senior Community Service Employment Program (SCSEP).

Eligibility for consideration is: fifty-five years or older and an annual income of \$12,900. or less (only 75% of social security is counted). Hours are flexible, Monday through Friday, maximum of fourteen hours per week, at \$6.25 per hour.

For more information, contact David Brown, 541-2986 or email david.brown@sba.gov.

Small Businesses that Grew Into National and World Business Leaders with Help from SBA

The best of the best – 23 businesses that started small but with big dreams for success – will be honored as inductees into the U.S. Small Business Administration Golden Anniversary Hall of Fame Sept. 19. The list of inductees is a "who's who" of some of the country's most successful companies, many of which have become international leaders in their field, including, Intel, Hewlett Packard, Federal Express, Winnebago, Staples and a host of others.

"What most people don't know is that all of these big businesses started out small and received help from the SBA. Their success was the result of hard work and an unwavering commitment to excellence," said SBA Administrator Hector V. Barreto, "and the SBA is proud to have played a small part in the pursuit of their dreams."

Among those inducted are:



- **America Online, Inc.**, online Internet services provider, Va.,
- **Black Enterprise Magazine**, monthly publication, N.Y.
- **Callaway Golf Company**, Calif.,
- **Eskimo Joe's**, restaurant and apparel, Okla.,
- **FedEx Corporation**, overnight delivery, Tenn.
- **General Mills, Inc./Totino's Pizza Brand**, Minn.,
- **Hewlett-Packard Company**, computer hardware, Calif.,
- **Intel Corporation**, semiconductor chips, Calif.
- **Jenny Craig, Inc.**, personal weight-loss, Calif.
- **Outback Steakhouse, Inc.**, restaurants, Fla.
- **Ruiz Food Products**, frozen Mexican foods, Calif.
- **Staples, Inc.**, office supply stores, Mass.
- **Sun Microsystems, Inc.**, computer network systems, Calif.
- **The Gymboree Corporation**, child development programs, Calif.
- **Winnebago Industries, Inc.**, recreational vehicles, Iowa.

For a complete list, visit www.sba.gov/news/03-57.pdf

Starting a New Business? Growing a Business? We Can Help!

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SBA Hawaii District Office

Loan Activity, FY 2003

Eight Months Ended 9/26/2003

Bank	No. of Loans	Loan Amt. Gross (000's)	SBA Share
Bank of Hawaii	80	7408.7	4329.7
First Hawaiian Bank/Bank of the West	66	10513.5	6524.3
Innovative Bank	45	329	275.8
American Savings Bank	24	2535	2046.2
Citizens Security Bank	15	2079.9	1539.3
Hawaii National Bank	11	3085	1779.2
City Bank	12	2550.1	1992.7
Central Pacific Bank	7	777	622.3
Bank of Guam	2	225	173.7
Business Loan Center, Inc.	1	675	506.2
BankPacific, Ltd.	1	50	42.5
Other	1	120	102
Total 7(a) Loans	265	30348.2	19933.9
HEDCO 504 Loans	33	16406	16406
Lokahi Pacific 504 Loans	1	1086	1086
MicroLoans	5	27.5	27.5
Grand Total	304	47867.7	37453.4

SBA Hawaii Working to Serve Small Business Better

Beginning in October SBA Hawaii's district office has embarked on a program of cross-training and development for staff members to insure continuity of the Agency's mission.

Economic Development Specialist, Mary Dale and Lyn Womack and Business Opportunity Specialist Eryne Lum will cross-training in each other's positions through May, 2004. Mary is working in Finance, Lyn in 8(a), and Eryne in Business Development. They can still be reached at their existing phone numbers.



Mary Dale



Lyn Womack

World Class Salesforce Workshop

The Hawai'i Small Business Development Center Network (SBDC), Hawai'i's premier statewide small business technical assistance agency announced a series of World Class Sales Force training workshops to be held across the State from November 6th to the 20th with workshops to be held in Honolulu on the 12th, 13th and 14th.

The professional sales workshops feature a series of two 1-day training events comprised of one day for advanced sales and account management techniques for persons managing a sales team and a second day for professional sales skills on telephone and face-to-face selling.

Workshop topics are as follows:

PROFESSIONAL SALES MANAGEMENT

Course 1 – Managing to Manage

Professional sales management.

Course 2 – It Starts at the Close

Professional account management.

PROFESSIONAL SALES BACK TO BASICS

Course 3 - Torque the Talk

Professional telephone selling skills.

Course 4 – Eyeball to High Ball

Professional face-to-face selling skills.



Each Day consists of two 3-hour workshops with refreshments, lunch, and luncheon presentation.

Hawai'i SBDC Network Associated State Director, Rian Lau commented, "it's a great opportunity for anyone in sales to improve their personal skill set. We're very pleased to be able to bring this world-class trainer to the State and hope that as many businesses as possible take up this unique opportunity. Training is an investment in our future. This is one event that should translate into increased sales. With the holidays around the corner it's a good time to focus on sales training. Space is limited so we urge attendees to sign up as soon as possible."

Anyone interested in attending or would like more information on the conferences should contact the Hawai'i SBDC Network State Office at (808) 974-7515 or their local Hawai'i SBDC Network center on O'ahu (522-8131), Maui (875-2402), Kaua'i (246-1748), Kona (327-3686) or Hilo (933-0776).

2003 Hawaii Small Business Profile Released

Number of Businesses. The number of employer businesses in 2002 increased by 0.8 percent and numbered 28,800. The number of self-employed individuals increased an estimated 8.6 percent in 2002. In the state, 96.7 percent of the businesses were small (fewer than 500 employees) **Women-Owned Businesses.** In 2002, self-employed women totaled 22,587, or 46.5 percent of self-employed workers in the state. Women-owned businesses totaled 25,800, of which 14.7 percent had employees. They generated \$3.3 billion in revenues in 1997 **Minority-Owned Businesses.** Minority-owned businesses represented 57.8 percent of the state's businesses and generated \$14.8 billion in revenues in 1997. Of these minority-owned businesses, 23.4 percent had employees. **Business Turnover.** Between 2001 and 2002, new employer firms decreased 6.7 percent to 3,555. Business bankruptcies decreased by 22.1 percent, and totaled 53 in 2002. Business terminations decreased by 2.1 percent, and totaled 3,994 in 2002.

Fitness Center in Kunia Soon to Open Thanks to SBRC Assistance

What seemed like impossibility one year ago is now a reality for Jeff Kugele. Like thousands of people with a vision of owning a quality business operation, Jeff began seeking information. Very quickly, Jeff discovered the Small Business Resource Center near downtown Honolulu. "This is the most exciting opportunity of my life and I'm very happy to have encountered all of the resources and helpful people that helped me make this happen."



Jeff Kugele

He found the SBRC offered free and unlimited consulting from three separate organizations; a comprehensive business reference library complete with books, entrepreneur guides and videos; a fully equipped computer lab, business training center; plus the services of the City & County of Honolulu's Office of Economic Development and the SBA. "It was virtually everything I needed in one place," said Jeff. "I attended an orientation then signed-up for a Micro Enterprise class. In the meantime, I met with counselors from SCORE and the Hawaii Small Business Development Center and began working on my business plan in the computer lab."

"Money was my number one obstacle," Jeff claimed. "I have the know-how, the energy, the ability to manage --- everything it takes except the bucks to get started." "That's where the SBA loan guaranty program helped."

"The business plan was a lot of work -- and it took some time," he exclaimed. "But when the ground work was done, I knew I was ready to meet with a lender and make a loan proposal." Jeff then visited American Savings Bank in Pearlridge and met with John Dickinson. "I was amazed by how well I was treated. Dickinson told me, 'I want to be your lender,' and that's when I was able to stop shopping for a lender and begin focusing on construction, staffing and starting my business."

According to Kugele, the bank could not have made the loan without the backing of SBA. "We submitted a one-page application to SBA via fax and within days, received an eighty-five percent loan guaranty." "What this means is the bank is assured of eighty-five percent of any unpaid loan balance in the event something goes terribly wrong with my business," he said. "This particular loan program is called 'Low Doc' and I could have borrowed up to \$150,000."

Employment. In 2000, businesses with fewer than 500 workers employed 57.0 percent of the state's 432,092 non-farm sector employees. The industry with the most small business employees was accommodation and foodservices. Between 1999 and 2000, small businesses added a net total of 10,955 employees; they represented 83 percent of net non-farm employment change in the state **Small Business Income.** Non-farm proprietors' income—a partial measure of small business income—increased by 4.1 percent in 2002 and amounted to \$2.9 billion. **Finance.** Small businesses traditionally depend on local bank services and use commercial bank lenders. The number of banks in the state has decreased. The largest concentration of banks by asset size was in the \$100 million to \$500 million category.

(Source: U.S. Dept. of Labor, Employment and Training Administration; U.S. Dept. of Commerce, Census Bureau; U.S. Dept. of Labor, Bureau of Labor Statistics).

Small Business Events Calendar

OCTOBER

Tuesday, October 14 STATE & FEDERAL TAX PROCEDURES, 9 am – 1 pm
Wednesday, July, 8 HWBC ORIENTATION, 5:30-7:00
Friday, October 24 MICRO ENTERPRISE 101, 9:00 – 4:30
Thursday, October 30 BECOME A MEDIA MAVEN, 5:30-7:30, HWBC

NOVEMBER

Monday, November 3 LOAN WORKSHOP, 9:00 am – 1:00 pm, HWBC
Tuesday, November 4 STATE & FEDERAL TAX PROCEDURES FOR SMALL BUSINESS, 9 am-1 pm HWBC
Friday, November 21 MICRO ENTERPRISE 101, 9:00 am – 4:30, SBA

DECEMBER

Tuesday, December 9 STATE & FEDERAL TAX PROCEDURES FOR SMALL BUSINESS, 9 am-1 pm HWBC
New SBRC Client Orientation
Every Tuesday at 9:00 -10:00 a.m
Every Thursday at 2:00 - 3:00 p.m.
Marketing Study Group, Mondays September 22 – November 24
IRS Tax Procedures for Business Owners --Second (2nd) Tuesday Each Month

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Drop us a line at david.brown@sba.gov and we will put you on

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